



INTELLIGENCE

UNDER SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-5000

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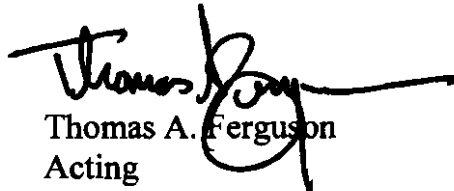
MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
DIRECTOR, DEFENSE INTELLIGENCE AGENCY
DIRECTOR, DEFENSE SECURITY SERVICE
DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE
AGENCY
DIRECTOR, NATIONAL RECONNAISSANCE OFFICE
DIRECTOR, NATIONAL SECURITY AGENCY/CENTRAL
SECURITY SERVICE
ACTING CHIEF OF STAFF, OFFICE OF THE UNDER
SECRETARY OF DEFENSE FOR INTELLIGENCE

SUBJECT: 2010 Defense Civilian Intelligence Personnel System (DCIPS) Guidance on
Pay Pools, Bonus Pools, and Reporting of Results

This memorandum and attachments provide guidance for conducting DCIPS pay pools (National Geospatial-Intelligence Agency) or DCIPS bonus pools (all other Defense intelligence components) and for reporting performance evaluation and pay pool/bonus pool results. The attachments listed below foster transparency and openness in sharing results of these processes with our workforce:

- Attachment 1: Defense Civilian Intelligence Personnel System (DCIPS) Pay Pool/Bonus Pool Guidance for 2010; and
- Attachment 2: PowerPoint Template for Publishing 2010 DCIPS Performance Evaluation and Payout Results to the Workforce.

My point of contact in the Human Capital Management Office is Mr. Gary Cunningham at (703) 602-8602.


Thomas A. Ferguson
Acting

Attachments:
As stated



cc:

Under Secretary of Defense for Personnel and Readiness

Assistant Deputy Chief of Staff, G-2, Department of the Army

Director of Naval Intelligence, Chief of Naval Operations (N2)

Director of Intelligence for Support, Headquarters, U. S. Marine Corps

**Director of Intelligence, Surveillance and Reconnaissance Plans and Resources,
Headquarters, U.S. Air Force**

General Counsel of the Department of Defense

Deputy Under Secretary of Defense for Civilian Personnel Policy

Acting Chief of Staff, Office of the Under Secretary of Defense (Intelligence)

Defense Intelligence Human Resources Board Members

Fiscal Year 2010 DCIPS Guidance on Pay Pools, Bonus Pools and Reporting of Results

This attachment provides DCIPS guidance on pay pools, bonus pools, and reporting of results for Fiscal Year 2010. All Defense intelligence Components and other organizations with DCIPS positions will comply with this guidance and, where applicable, with DCIPS Volume 2012, "Defense Civilian Intelligence Personnel System (DCIPS) Performance-Based Compensation." Exceptions to this guidance or to DCIPS policy may be requested in writing with a supporting business case for the requested exception. Such requests should be directed to Director, Human Capital Management Office (HCMO), Office of the Under Secretary of Defense (Intelligence).

Compliance with Merit System Principles and Prohibition of Pre-decisional Demographic Analysis

- Pay pool/bonus pool deliberations will be conducted in accordance with Merit System Principles.
- Analyses of performance evaluations or pay pool/bonus pool results by demographic characteristics that identify protected classes of individuals are prohibited prior to conclusion of both the performance management and pay pool processes. Analyses by organizational and/or position-related characteristics are permitted.

Performance-based Salary Increases, Bonuses, and Quality Step Increases

- The National Geospatial-Intelligence Agency (NGA) will conduct DCIPS pay pools for the purpose of determining performance-based salary increases and bonuses. All other DCIPS Components will conduct bonus pools to grant performance bonuses based on Fiscal Year 2010 performance evaluations.
- Components other than NGA may, at the discretion of the Component Head, award Quality Step Increases (QSIs) during the bonus pool process. All other awards are to be granted through the Component's awards process based on policy in DCIPS Volume 2008, "Awards and Recognition." Components choosing to award QSIs during the bonus pool process are not prohibited from awarding QSIs at other times throughout the year. Employees who receive a QSI are not excluded from consideration for a performance bonus or other awards granted under guidance provided in DCIPS Volume 2008, and vice versa.

Relationship of Evaluation of Record to Pay Increases and Bonuses for Employees of the National Geospatial-Intelligence Agency (NGA)

- NGA employees with an Evaluation of Record of “Successful” or higher are eligible for performance-based salary increases and bonuses through the NGA pay pool process. This group of employees will also receive the DCIPS Floor salary increase equal to the Federal government-wide General Pay Increase (GPI) and will receive any increases to the DCIPS Local Market Supplements (LMS) applicable to their work location.
- NGA Employees with an Evaluation of Record of “Minimally Successful” are ineligible for any performance-based salary increase or bonus through the NGA pay pool process. This group of employees will receive the DCIPS Floor salary increase equal to the Federal government-wide General Pay Increase (GPI) and will receive any increases to the DCIPS LMS applicable to their work location.
- NGA employees with an Evaluation of Record of “Unacceptable” are ineligible for any salary increase or bonus through the NGA pay pool process. This group of employees is also ineligible for any portion of the DCIPS Floor and any increase to the DCIPS LMS that would otherwise be applicable to their work location.
- Since the 2011 DCIPS pay band rate ranges will increase by the same percentage as the January 2011 GPI, base salaries of NGA employees rated “Unacceptable” may drop below the minimum of the pay band.

Relationship of Evaluation of Record to Bonuses and Quality Step Increases for Employees of DCIPS Components Other than NGA

- Employees of all DCIPS Components other than NGA with an Evaluation of Record of “Successful” or higher are eligible for performance bonuses through their Component bonus pool process.
- Employees of all DCIPS Components other than NGA with an Evaluation of Record of “Outstanding” are eligible to receive a Quality Step Increase (QSI). Quality Step Increases will be in the form of base pay increase equivalent to one step increase. For employees of Components operating under DCIPS Interim rules (i.e., all Components except NGA and the National Security Agency (NSA)) a QSI may result in an employee’s base pay increasing above the step 10 rate of the employee’s GG Equivalent (GGE). Under no circumstances may an employee’s base pay increase above the equivalent of the step 12 rate. NSA employees are limited to step 10 of their grade.

- Employees of all DCIPS Components other than NGA, regardless of performance rating, but with the exception of those on retained pay, will receive the Federal government-wide General Pay Increase (GPI) and 100% of any increases to the DCIPS Local Market Supplements or Locality Pay applicable to their work location.
- Employees on retained pay will receive fifty percent of the increase to the rate range maximum in accordance with regulations under 5 CFR 536:305.
- Under no circumstances may an employee's basic pay (base pay plus LMS or Locality Pay) exceed the rate of pay equal to Level IV of the Executive Schedule.

Limitation on Awarding Performance Bonuses

- For all DCIPS Components, as noted in DCIPS Volume 2012, the number of employees who receive bonuses generally shall not exceed fifty percent of the eligible population.
- Quality Step Increases do not count toward the fifty percent, nor do they count against bonus pool funds. Components may apply Component-specific caps or limitations on the numbers of QSIs that may be granted.

Consideration of Employees Transferring Between DCIPS Components and on Joint Duty Assignments

- In accordance with USD(I) Memorandum, "Defense Civilian Intelligence Personnel System (DCIPS) Performance Management Year-End Guidance for the 2009-2010 Performance Cycle," dated July 2, 2010, employees who transferred from a DCIPS Component on or after July 1, 2010 will be considered in the pay pool/bonus pool of the gaining DCIPS Component using the closeout/early annual performance evaluation from the previous DCIPS Component.
- Also in accordance with the memorandum cited above, employees who served, or are serving, on Joint Duty Assignments on or after July 1, 2010 will be considered for a performance bonus by the gaining DCIPS Component. DCIPS employees who are serving in a non-DCIPS organization will be considered for a bonus or other award under the rules in effect for that organization.
- NGA employees serving on Joint Duty assignments will be considered for performance-based salary increases through NGA's pay pool process.

Aggregate Funding Levels for DCIPS Pay Pools and Bonus Pools

- The Defense Intelligence Human Capital Financial Decisions Board set the 2010 funding levels for pay pools/bonus pools at the same rate as those used for the 2009 pay pools.
- Component-wide aggregate funding levels will be set within the following ranges:
 - Performance-based Salary Increases (NGA-only): 2.0% to 2.4% of total employee base salaries.
 - Performance Bonuses: 1.4% to 2.25% of total employee base salaries.
- Quality Step Increases do not count against the bonus funding percentage.
- NGA may set the aggregate funding for performance-based salary increases anywhere within the specified range, but the funding level may not be less than the NGA historical average for the past three years.
- Written approval from USD(I) is required to exceed the funding ranges provided or to make any changes to the aggregate funding percentages after they are reported to USD(I).

Computations for Establishing Individual Pay Pool Budgets

- For NGA, the preliminary pay pool budget for performance-based salary increases will be calculated by summing the total base salaries of all employees in the pay pool and multiplying by the performance-based salary increase funding level.
- For all DCIPS Components, the preliminary budget for performance bonuses will be calculated by summing the total base salaries of all employees in the pay pool and multiplying by the performance bonus funding level.

Automated Tools for Facilitating Pay Pool/Bonus Pool Decisions

- Components must use the DCIPS Compensation Workbench for facilitating the DCIPS pay pool/bonus pool decision-making process and capturing pay decisions.
- NSA has been granted an exception to use a version of the DCIPS Compensation Workbench that has been integrated into their PeopleSoft system.
- No other tool is authorized for use in the DCIPS pay pool process.

Communicating Payouts

- As soon as possible after payout decisions have been finalized through Component processes, Rating Officials will communicate payout decisions to their respective employees.
- All employees must receive communication about the payout process even if they are not receiving a performance-based payout (salary increase or bonus).
- Components are responsible for ensuring Rating Officials are provided information and guidance on sharing results of the performance pay process.
- Rating Officials must document how and when such feedback was provided to employees.

Reporting Performance Evaluation and Payout Results

- Components are required to provide aggregate performance evaluation and payout results to their workforces as soon as practical after the conclusion of the pay pool process using the USD(I) template provided for this purpose (Attachment 2).
- Performance evaluation and payout results should be displayed in an easily accessible location or through a convenient medium such as an internal website to ensure common messaging to all employees.
- Components may choose to provide additional high-level information that supports DCIPS policy and philosophy of transparency. However, such information must be consistent with DCIPS reporting conventions (e.g., no reported information may identify a specific individual, reporting of performance management results must align to DCIPS rating descriptors vice numeric scores with decimals).
- Components must provide OUSD(I) with an advance copy of the information to be provided to the workforce for review. The information provided to HCMO may be in the form of PowerPoint slides, screen shots from the Component website, or other appropriate method.
- As soon as is practical, but no later than 21 January 2011, Components will provide the OUSD(I) with a raw data file, including demographics, on performance evaluation and payout results by employee. OUSD(I) will conduct an analysis which will be shared with each Component's leadership. OUSD(I)

will also provide Component data to the Office of the Director of National Intelligence in accordance with oversight requirements.

Payout Effective Date

- The GPI/DCIPS Floor and Locality/Local Market Supplement increases must be made effective on **January 2, 2011**. No exceptions will be granted.
- Performance-based salary increases and bonus payments will be made effective **January 2, 2011**. Any exceptions to this date for performance-based salary increases and/or bonuses must be requested in writing to Director, Human Capital Management Office, Office of the Under Secretary of Defense (Intelligence).



***Template for Publishing DCIPS Performance
Evaluation and Bonus Results to the Workforce***

September 2010

Sample Aggregate Report for Employees

Overall Summary – FY10 Performance Cycle

Modal Performance Evaluation of Record*	Successful (3)
Mean Performance-based Salary Increase (NGA only)**	2.60%
Mean Bonus Amount	\$3,200
Percent of Workforce Receiving a Bonus	49%

* Refers to the Performance Evaluation of Record received by the highest percentage of employees.

** Reflects the salary increase in addition to the DCIPS Floor

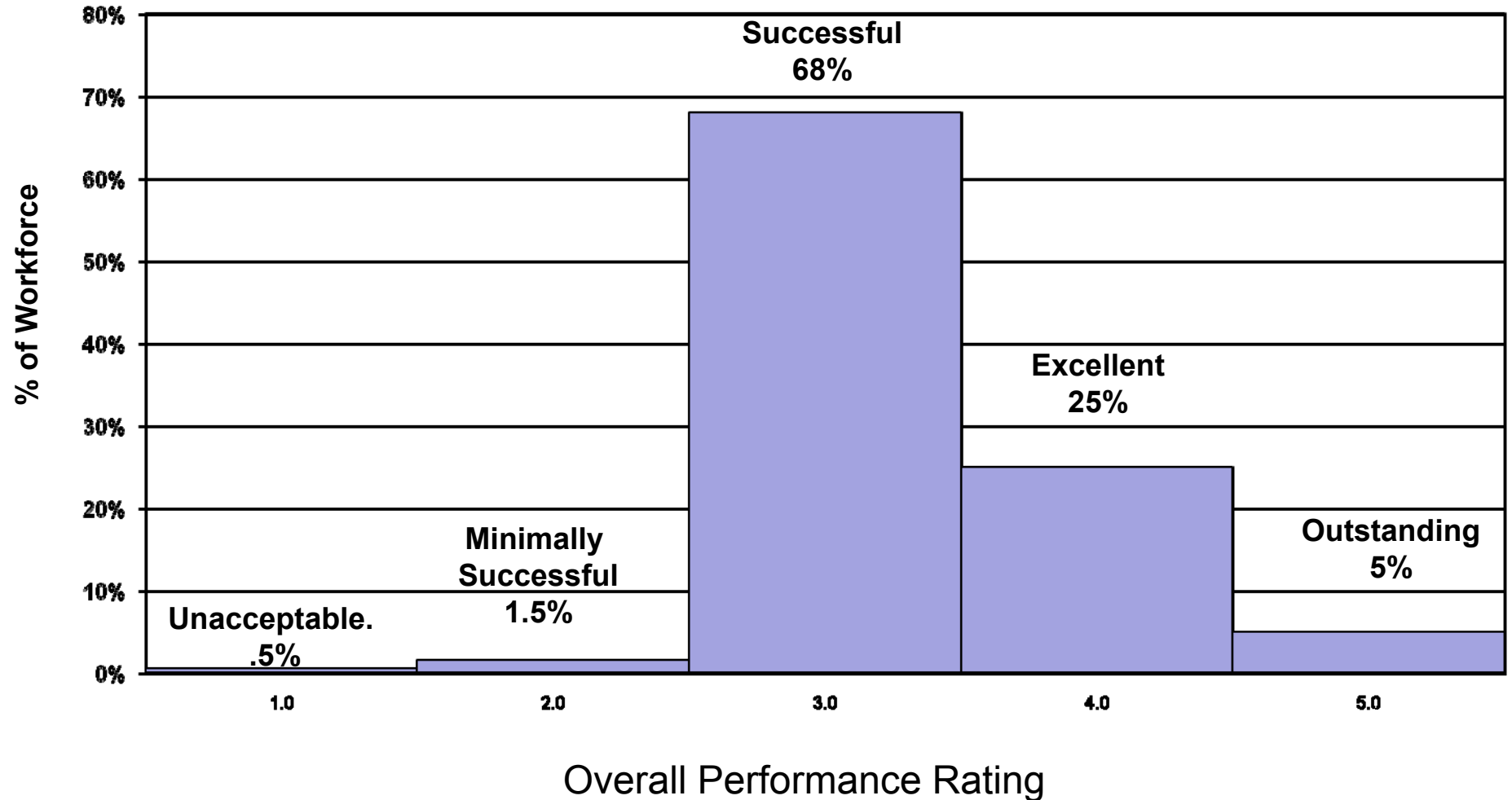
Sample Aggregate Report for Employees

Overall Results by Special Characteristics – FY10 Performance Cycle

	Number of Employees	Average Bonus Amount
Overall Workforce	3,000	\$3,200
Employees in Developmental Programs	120	\$3,200
Employees on Deployment	75	\$3,200
Employees Away on Joint Duty Assignments	50	\$3,200
Employees Hosted on Joint Duty Assignments	36	\$3,200

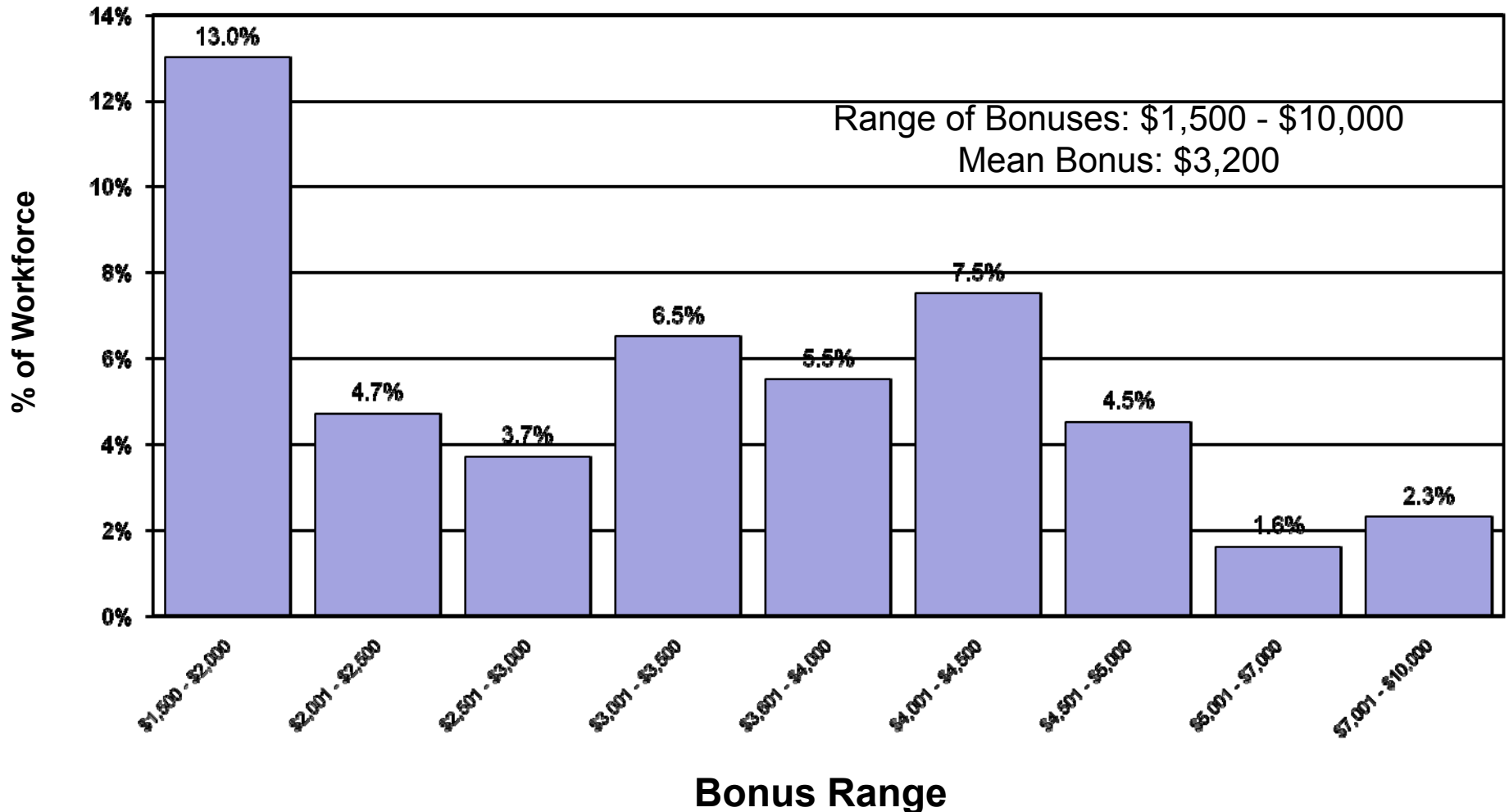
Sample Aggregate Report for Employees

Overall Performance Ratings – FY10 Performance Cycle



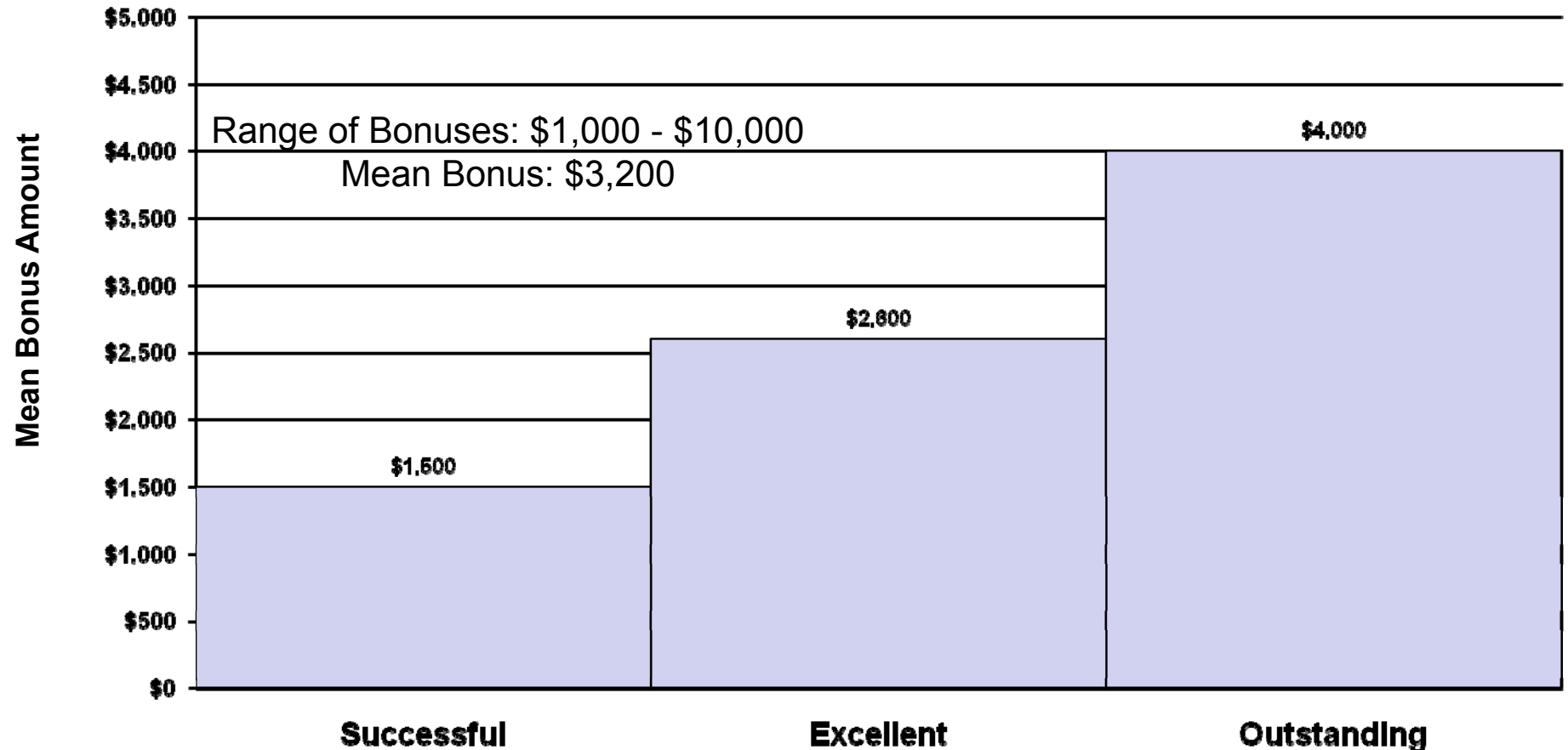
Sample Aggregate Report for Employees

Bonus Amounts Awarded – FY10 Performance Cycle



Sample Aggregate Report for Employees

Average Bonus Amount by Bonus Factor – FY10 Performance Cycle



Performance Evaluation of Record

Sample Aggregate Workforce Data Report for Employees

Overall Results All DCIPS Components – USD(I) HCMO Will Provide

	Percent of Workforce	Mean Base Salary Increase (NGA only)*	Mean Bonus Amount
TOTAL WORKFORCE	100%	4.60%	\$3,200
GENDER			
Female	50%	4.60%	\$3,200
Male	50%	4.60%	\$3,200
RACE			
White	12.5%	4.60%	\$3,200
Black / African American	12.5%	4.60%	\$3,200
Asian	12.5%	4.60%	\$3,200
American Indian/Alaskan Native	12.5%	4.60%	\$3,200
Native Hawaiian/Pacific Islander	12.5%	4.60%	\$3,200
Multiracial	12.5%	4.60%	\$3,200
Identity Pending	12.5%	4.60%	\$3,200
Unspecified	12.5%	4.60%	\$3,200

*Reflects performance-based salary increases above the DCIPS Floor

Sample Aggregate Workforce Data Report for Employees

Overall Results All DCIPS Components – USD(I) HCMO Will Provide

	Percent of Workforce	Mean Base Salary Increase (NGA only)*	Mean Bonus Amount
ETHNICITY			
Non-Hispanic	33.33%	4.60%	\$3,200
Hispanic	33.33%	4.60%	\$3,200
Identity Pending	33.3%	4.60%	\$3,200
AGE GROUP			
Under 40 Yrs of Age	50%	4.60%	\$3,200
40 Yrs of Age and Over	50%	4.60%	\$3,200
DISABILITY STATUS			
No Disability	50%	4.60%	\$3,200
Disability	50%	4.60%	\$3,200
Targeted Disability**	10%**	4.60%	\$3,200
VETERANS' STATUS			
Veteran	50%	4.60%	\$3,200
Non-Veteran	50%	4.60%	\$3,200

*Reflects performance-based salary increases above the DCIPS Floor

** "Targeted disability" is a subset of "Disability" category